

Message Text

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71

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 AF-08 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 OMB-01 L-03 SS-15 NSC-05 IO-13

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R 091555Z AUG 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9334

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY KINSHASA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY PARIS

C O N F I D E N T I A L ROME 12922

E.O. 11652: GDS

TAGS: EFIN, ETRD, IT

SUBJ: ZAIRE DEBT RESCHEDULING: ITALIAN VIEW

REF: STATE 194305

1. EMBOFF CALLED ON DR. PETRELLA AT ISTITUTO NAZIONALE
DELLE ASSICURAZIONE (INA), ITALIAN GOVERNMENT EXPORT
INSURANCE AGENCY, AUGUST 9, RE ISSUES RAISED REFTEL.

2. REPLIES TO QUESTIONS POSED PARA 4 REFTEL FOLLOW:

A) GOI OFFICIALLY EXPECTS TO BE ABLE TO REACH BILATERAL
AGREEMENT BEFORE END OF YEAR PARIS CREDITORS MEETING. IN-
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FORMALLY, PETERRELLA FELT THAT LIKELIHOOD OF REACHING AGREEMENT

IS DIMMING AS GOZ SEEMS UNABLE TO TAKE HARD DECISIONS AND IMPLEMENT ECONOMIC MEASURES NECESSARY TO STABILIZE ECONOMY.

B) GOZ IS BEHIND IN MAKING INTEREST PAYMENTS ON THREE INA BACKED LOANS, INTEREST ON WHICH WAS DUE AFTER JULY 1, 1976 DATE. PETRELLA INDICATED THAT AMOUNTS WERE NEGLIGIBLE BUT THAT DELAY IN PAYMENT IS UNWELCOME DEVELOPMENT.

C) AS NOTED A) ABOVE, GOI BELIEVES THAT GOZ IS UNABLE TO COME TO GRIPS WITH TOUGH ECONOMIC PROBLEMS AT LEAST IN SHORT TERM. GOI CONTINUES TO BELIEVE THAT LONG-TERM ECONOMIC PROSPECTS FOR ZAIRE ARE MOST FAVORABLE AND IS UNWILLING TO BE TOO HARSH IN RESPONDING TO BALANCE OF PAYMENTS AND BUDGETARY DIFFICULTIES ENCOUNTERED BY GOZ. PETERLLA REAFFIRMED THAT INA HAS VIRTUALLY STOPPED ANY NEW INSURING FOR GOX TRANSACTIONS BUT THAT THEIR ASSISTANCE HAS NOT BEEN ENTIRELY CUT OFF, GIVEN RELATIVELY LARGE EXPOSURE IN ZAIRE AND VAST ECONOMIC POTENTIAL OF COUNTRY ALBEIT FAR OFF.

3. IN LOOKING AHEAD, PETERLLA THOUGHT GOZ WOULD NEED EXTENSIVE DEBT RESCHEDULING SUPPORT AT LEAST FOR DEBT SERVICING DUE THROUGH END OF CALANDER YEAR 1978. PETRELLA GAVE CLEAR IMPRESSION THAT GOI WOULD CONTINUE TO SUPPORT GOZ REQUESTS FOR DEBT RESCHEDULING HOPING TO BOTH PROTECT ITS OWN LARGE EXPOSURE AND GAIN POINTS WITH THE GOZ.VOLPE

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Message Attributes

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